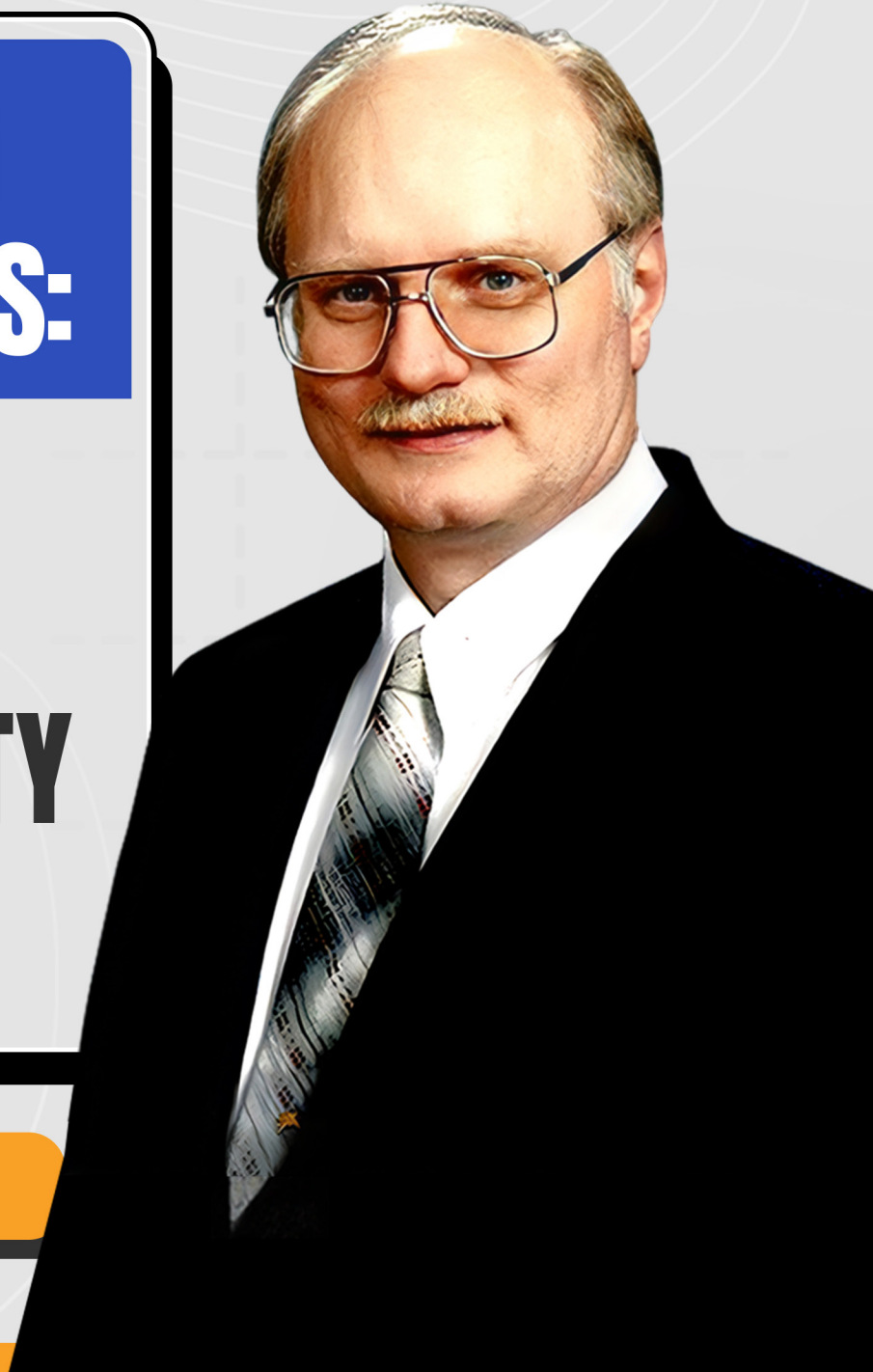


# ENGINEERING THE MARKETS:

## PRECISION, PATTERNS, & PROFITABILITY

The Madness Continues

March 12, 2025



POWERED BY:



by TERRY LONG

TRADINGANALYSIS.COM

# The Madness Continues

**M**arch Madness continues to pressure the markets, but should we sideline our longer-term investments? During this correction, short-term traders have likely taken profits, anticipating reinvestment into different equity instruments as the rotation reveals emerging market leaders. Long-term investors should view this current correction as simply a typical market adjustment. In this report, I'll share with you typical March trading characteristics and analyze the historical returns of the SPY over the past 5 years from mid-March through the end of each year.

## SPY March Characteristics

Historically shows higher volatility compared to other months

Often influenced by:

- ✓ Quarter-end portfolio rebalancing
- ✓ Tax-related trading activities
- ✓ Institutional investor positioning

## Key Technical Considerations:

- ✓ March often serves as a pivotal month for determining Q2 market direction
- ✓ Volume patterns tend to increase toward month-end due to institutional rebalancing
- ✓ Historical support and resistance levels often become more significant during this period

## Trading Implications:

Increased volatility may present both opportunities and risks

Important to monitor:

- ✓ Volume patterns
- ✓ Market breadth indicators
- ✓ Sector rotation trends

Based on historical data analysis for the S&P 500 (SPX) over the past 5 years, here's the March performance and subsequent Year-End recovery data:

## March Drawdowns and Year-End Recoveries (2020-2024)

Year	March Max Drawdown	March Low	Year-End Close	Gain from March Low
2020	-12.5%	2,237.40	3,756.07	+67.9%
2021	-2.8%	3,889.14	4,766.18	+22.6%
2022	-3.9%	4,170.70	3,839.50	-7.9%
2023	-4.7%	3,808.86	4,769.83	+25.2%
2024	-3.2%	4,958.62	5,123.41	+3.3%

### Key Observations:

Average March drawdown over the past 5 years: -5.42%

- ✓ The most significant March drawdown occurred in 2020 during the COVID-19 market crash
- ✓ 4 out of 5 years showed positive gains from March lows to year-end
- ✓ 2022 was the only year that ended lower than its March low

### Notable Pattern:

- ✓ March has historically been a volatile month, often presenting buying opportunities for long-term investors.
- ✓ The recovery patterns show that markets typically rebound from March weakness, with the exception of broader bear market years like 2022.

Your trading and/or investment time horizon should dictate the moves, if any, that you make in your portfolios. You are urged to seek advice from a professional

financial planner for long-term wealth management. Contact Todd Gordon and/or Kyle Wasson today at [InsideEdgeCapital.com](https://www.insideedgecapital.com) and they can provide you with a quality financial plan customized to meet your specific needs. Email them at [info@insideedgecapital.com](mailto:info@insideedgecapital.com) or call 1-855-946-8723.

## Economic Calendar

The release of the Consumer Price Index (CPI) and Producer Price Index (PPI) figures on Wednesday and Thursday, respectively, will undoubtedly be major market movers and generate significant attention regarding inflationary pressures. These data points are closely watched by investors, economists, and policymakers alike, as they provide crucial insights into the overall price level and potential inflationary trends within the economy.

## Potential Market Reactions
























Given the high stakes and sensitivity surrounding inflation data, market reactions to the CPI and PPI releases could be swift and potentially volatile. Investors may react quickly to any surprises or deviations from market expectations, leading to knee-jerk price movements across various asset classes.

It's important to be mindful of the potential for "head-fake" moves, where initial market reactions may be misleading or quickly reversed. These false signals can be driven by a variety of factors, including algorithmic trading, short-term speculation, and misinterpretation of the data.

## Key Considerations for Traders and Investors

- ✓ **Maintain a Rational Perspective:** Avoid letting emotions dictate your trading decisions in the face of potentially volatile market conditions. Instead, focus on maintaining a rational and objective perspective based on sound data analysis.
- ✓ **Set Clear Goals and Targets:** Establish well-defined trading goals and target triggers based on your analysis and risk tolerance. This will help you stay disciplined and avoid impulsive decisions driven by short-term market fluctuations.
- ✓ **Monitor Market Trends and Sentiment:** Stay informed about broader market trends and sentiment, as these factors can influence the interpretation and impact of the CPI and PPI data.
- ✓ **Consider Multiple Scenarios:** Develop contingency plans for different potential outcomes, including both positive and negative surprises in the inflation data.
- ✓ **Manage Risk Effectively:** Implement appropriate risk management strategies to protect your portfolio from potential downside risks associated with market volatility.

**Remember:** Successful trading and investing require a disciplined and analytical approach, especially during periods of heightened market uncertainty. By staying informed, maintaining a rational perspective, and adhering to sound risk management principles, you can navigate the potential challenges and opportunities presented by the upcoming CPI and PPI releases.

Time	Cur.	Imp.	Event	Actual	Forecast	Previous
<b>Monday, March 10, 2025</b>						
10:00	 USD	★ ★ ☆	NY Fed 1-Year Consumer Inflation Expectations	<b>3.1%</b>		3.0%
<b>Tuesday, March 11, 2025</b>						
09:00	 USD	★ ★ ★	JOLTS Job Openings (Jan)	<b>7.740M</b>	7.650M	<u>7.508M</u>
11:00	 USD	★ ★ ☆	EIA Short-Term Energy Outlook 			
11:00	 USD	★ ★ ☆	WASDE Report 			
15:30	 USD	★ ★ ☆	API Weekly Crude Oil Stock			-1.455M
<b>Wednesday, March 12, 2025</b>						
06:00	 USD	★ ★ ☆	OPEC Monthly Report 			
07:30	 USD	★ ★ ☆	Core CPI (YoY) (Feb)		3.2%	3.3%
07:30	 USD	★ ★ ★	Core CPI (MoM) (Feb)		0.3%	0.4%
07:30	 USD	★ ★ ★	CPI (MoM) (Feb)		0.3%	0.5%
07:30	 USD	★ ★ ★	CPI (YoY) (Feb)		2.9%	3.0%
08:30	 USD	★ ★ ★	Crude Oil Inventories			3.614M
08:30	 USD	★ ★ ☆	Cushing Crude Oil Inventories			1.124M
13:00	 USD	★ ★ ☆	Federal Budget Balance (Feb)		-314.0B	-129.0B
<b>Thursday, March 13, 2025</b>						
04:00	 USD	★ ★ ☆	IEA Monthly Report 			
07:30	 USD	★ ★ ☆	Continuing Jobless Claims			1,897K
07:30	 USD	★ ★ ☆	Core PPI (MoM) (Feb)		0.3%	0.3%
07:30	 USD	★ ★ ★	Initial Jobless Claims		226K	221K
07:30	 USD	★ ★ ★	PPI (MoM) (Feb)		0.3%	0.4%
16:30	 USD	★ ★ ☆	Fed's Balance Sheet			6,757B

# Earnings Calendar

## Major Earnings reports this week

On Monday, following the close of the market, **Oracle (ORCL)** announced an earnings miss, disappointing investors. Meanwhile, **Asana (ASAN)** reported essentially a break-even result, with a net income close to zero.

Tuesday brought some positive news for the retail sector, as both **Kohl's (KSS)** and **Dick's Sporting Goods (DKS)** announced earnings beats before the market opened. These results provided a boost to investor confidence, particularly in the retail industry.

Looking ahead, Wednesday will see **Adobe (ADBE)** reporting its earnings after the market closes. This will give investors their first glimpse into the performance of the tech software sector, which has been closely watched in recent months.

Thursday will be another busy day for earnings reports, with **Dollar General (DG)**, **Futu Holdings (FUTU)**, **DocuSign (DOCU)**, and **Ulta Beauty (ULTA)** all set to announce their results. These companies represent a diverse range of industries, including retail, technology, and consumer goods.

The upcoming earnings reports will provide valuable insights into the health of the economy and the performance of various sectors. Investors will be closely watching these results for clues about future trends and potential investment opportunities.



Source: <https://earningswhispers.com/calendar>



# ORACLE Earnings

## Oracle Missed Expectations

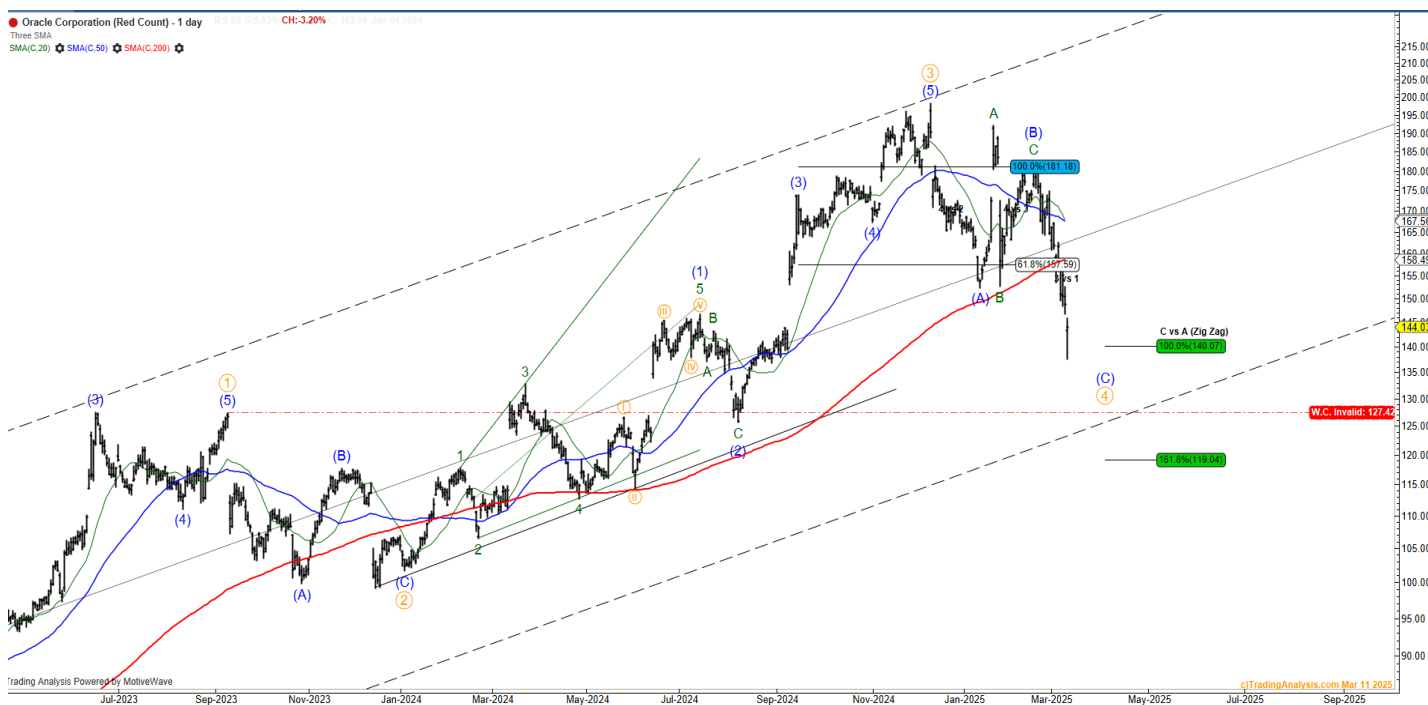
Monday, March 10, 2025 at 4:05 PM ET

Oracle (ORCL) reported earnings of \$1.47 per share on revenue of \$14.13 billion for the fiscal third quarter ended February 2025. The consensus earnings estimate was \$1.49 per share on revenue of \$14.36 billion. The Earnings Whisper number was \$1.52 per share. The company missed expectations by 3.29% while revenue grew 6.40% on a year-over-year basis.

Oracle offers integrated suites of applications plus secure, autonomous infrastructure in the Oracle Cloud.

<b>Reported Earnings</b> <b>\$1.47</b> Earnings Whisper* <b>\$1.52</b> Consensus Estimate <b>\$1.49</b>	<b>Earnings Whisper Grade</b> [Lock Icon] <b>Earnings Surprise</b> -3.3%	<b>Power Rating</b> [Lock Icon] <b>Earnings Growth</b> 31.3%
<b>Reported Revenue</b> <b>\$14.13 Bil</b> Revenue Estimate <b>\$14.36 Bil</b>	<b>Revenue Surprise</b> -1.6%	<b>Revenue Growth</b> 6.4%

**ORCL** Oracle Corporation reported misses on both the top and bottom line with increases in earnings and revenue growth; however, these figures fell short of analyst estimates for both key performance indicators. Consequently, the equity security experienced a price decline in after-hours trading and subsequently opened lower upon market commencement on Tuesday.



The sharp, downward thrust on the earnings release has reached the Cva 100% Fib Support Zone. Let's keep an eye on these levels for bottom-rounding and ultimately, a resumption of the uptrend inside wave 5.

# ASANA Earnings

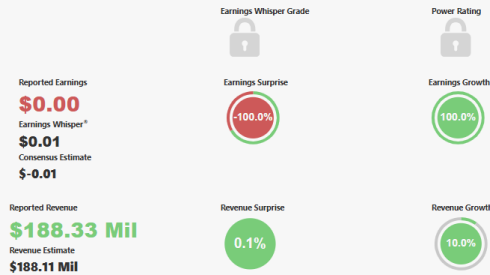
## Asana Missed Expectations

Monday, March 10, 2025 at 4:06 PM ET

Asana (ASAN) reported breakeven results on revenue of \$188.33 million for the fiscal fourth quarter ended January 2025. The consensus estimate was a loss of \$0.01 per share on revenue of \$188.11 million. The Earnings Whisper number was \$0.01 per share. The company missed expectations by 100.00% while revenue grew 10.05% on a year-over-year basis.

The company said it expects first quarter non-GAAP earnings of approximately \$0.02 per share on revenue of \$184.50 million to \$186.50 million. The current consensus estimate is a loss of \$0.01 per share on revenue of \$190.53 million for the quarter ending April 30, 2025. The company also said it expects fiscal 2026 non-GAAP earnings of \$0.19 to \$0.20 per share on revenue of \$782.0 million to \$790.0 million. The current consensus earnings estimate is \$0.08 per share on revenue of \$803.25 million for the year ending January 31, 2026.

Asana helps teams orchestrate their work, from small projects to strategic initiatives. Headquartered in San Francisco, CA, Asana has more than 89,000 paying organizations and millions of free organizations across 190 countries.



The Consensus was a loss of a penny and the Whisper was a gain of a penny. Nevertheless, earning “NOTHING” isn’t a good metric for any stock.



ASAN’s wave count is unclear, but the sharp drop significantly surpassed the 78.6% retracement. While the extreme low could be “the low,” further declines below the 100% retracement of \$11.08 are possible. It’s advisable to avoid this stock.



# KOHL's Earnings

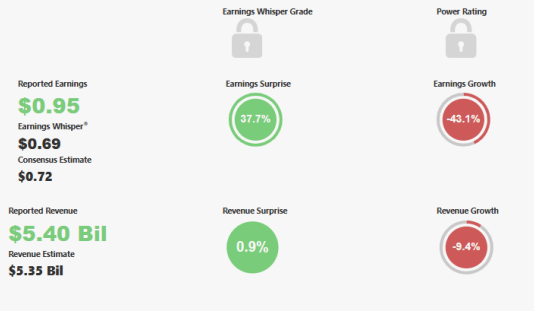
## Kohl's Beat Expectations

Tuesday, March 11, 2025 at 7:00 AM ET

Kohl's (KSS) reported earnings of \$0.95 per share on revenue of \$5.40 billion for the fiscal fourth quarter ended January 2025. The consensus earnings estimate was \$0.72 per share on revenue of \$5.35 billion. The Earnings Whisper number was \$0.69 per share. The company beat expectations by 37.68% while revenue fell 9.39% compared to the same quarter a year ago.

The company said it expects fiscal 2026 earnings of \$0.10 to \$0.60 per share on revenue of \$14.31 billion to \$14.62 billion. The current consensus earnings estimate is \$1.10 per share on revenue of \$15.82 billion for the year ending January 31, 2026.

Kohl Corp operates department stores that sell moderately priced exclusive and national brand apparel, footwear, accessories, beauty and home products.

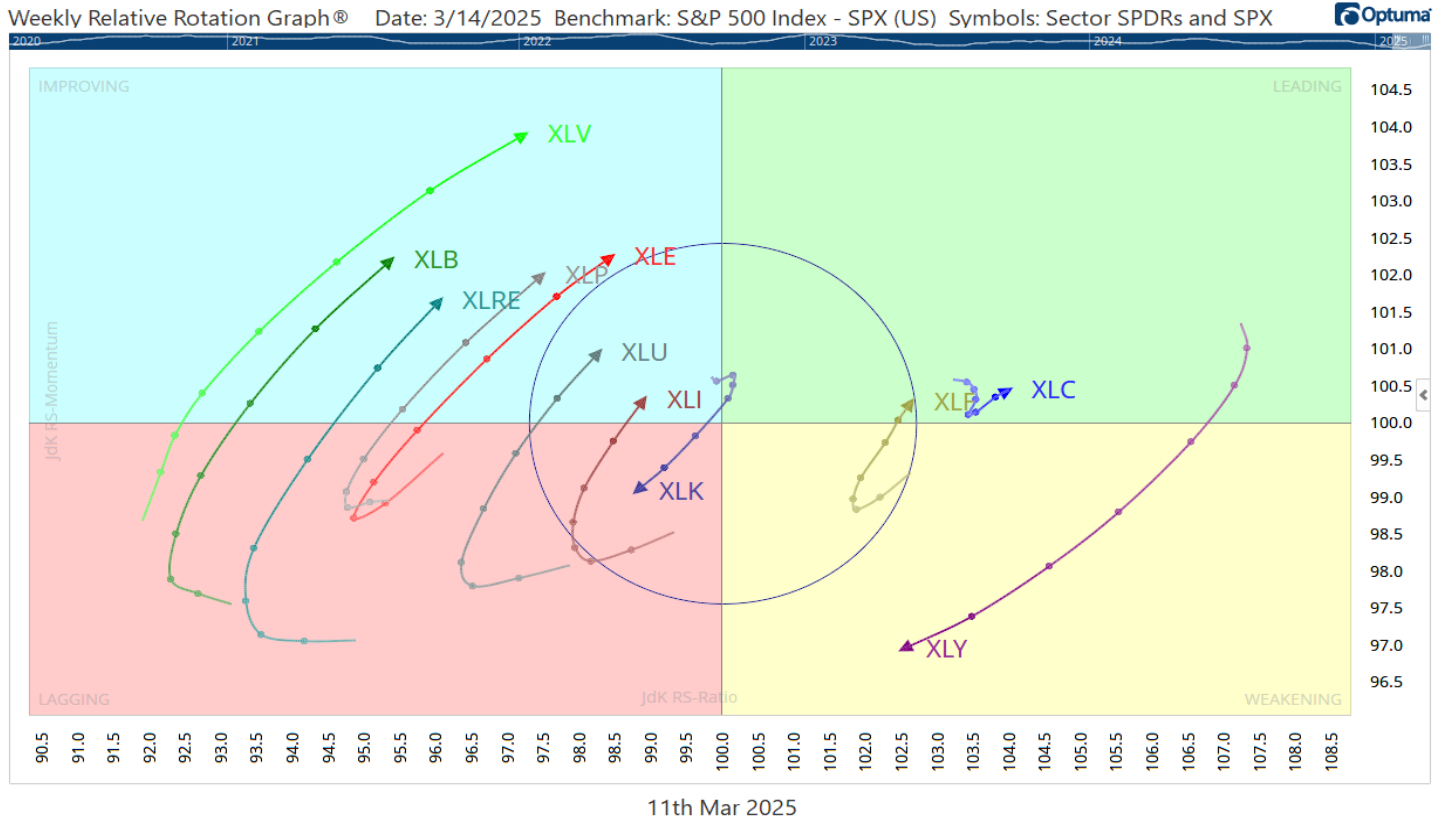


**KSS just broke below the 2020 Covid lows!** Breaking to new lows opens the door to further declines as the prior support level was penetrated. Again, this could be "the low", but we don't trade that game.





# Sector Rotation



The **XLC** Communications Sector continues to exhibit a strong presence, holding an outperforming position within the Leading Quadrant of the Weekly Sector RRG. While the **XLF** Financial Sector managed to re-enter the Leading Quadrant over the past two weeks, its momentum rise has noticeably slowed, as evidenced by the decreasing length of its vector segments.

In contrast, the Value Sectors are demonstrating a swift upward trajectory through the Improving Quadrant. Meanwhile, the **XLK** Technology Sector finds itself isolated in the Lagging Quadrant as the sole sector experiencing a downward trend. The **XLY** Consumer Discretionary sector is also undergoing a rapid descent, although there are emerging indications of deceleration in its downward momentum.

Terry Long  
 Research Director, TradingAnalysis.com

*Disclaimer: This analysis is for informational purposes only and not investment advice. Past performance does not guarantee future results. Please conduct your own research before making any investment decisions.*